

Montana Facility Finance Authority (MFFA)

Michelle Barstad, Executive Director

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1

Who is MFFA?

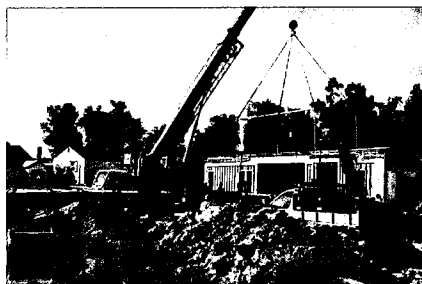
- **Formed in 1983 to:**
 - **Assist in containing healthcare costs**
 - **Provide access to the tax-exempt market**
- **Enterprise Fund (576) - no tax dollars**
- **STATE-WIDE**

2

What does MFFA do?

MFFA finances projects for:

- **Non-profit hospitals**
- **Other non-profit health care facilities**
- **Prerelease Facilities (added in 1997)**



3

What does MFFA do?

How:

- **Issuance of tax-exempt bonds**
 - **Public Issues**
 - **Individuals & Institutions**
 - **Private Placements**
 - **Banks & Institutions**
- **Loans**



4

What does MFFA do (cont.)?

MFFA makes loans:

- **Perm Coal Trust**
 - **\$15 million maximum**
 - **\$1.5 million maximum/borrower**
- **Enterprise funds**
 - **\$200,000 maximum/borrower**



5

What does MFFA do (cont.)?

MFFA gives grants:

- **Capital Improvement Plans**
- **Small Hospitals**
- **Maximum \$60,000/year**
- **Maximum \$15,000/facility**
- **20% match by facility**
- **\$380,000 provided in past 10 years**

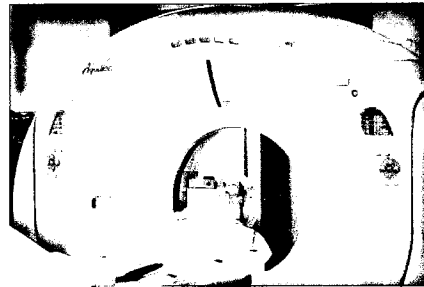
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MFFA Portfolio

**\$2.2 B STRUCTURED
\$1.162 B Outstanding**

Consists of:

- **\$1.15 B
Bonds/Notes**
- **\$7.7 M Loans from
Perm Coal Trust**
- **\$1.15 M Authority
loans**



7

MFFA Portfolio

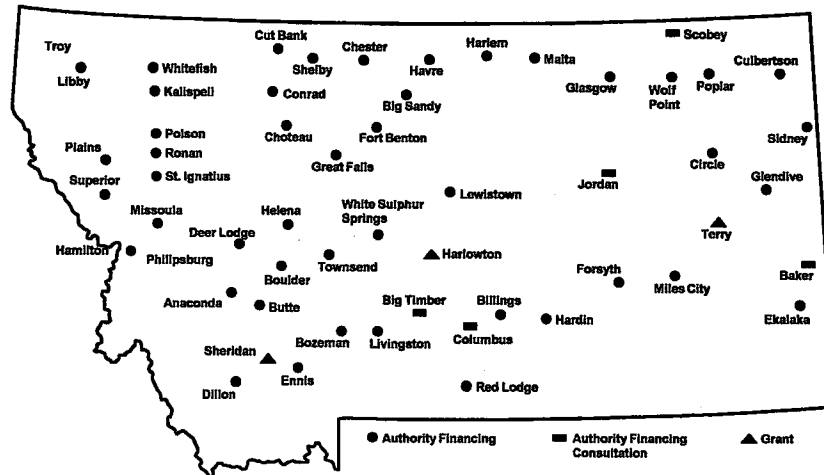
**NOT DEBT OR LIABILITY OF THE STATE OF
MONTANA, responsibility of the
borrower**

EXCEPTIONS

- **\$15.8 M for Montana State Hospital**
- **\$6.6 M Montana Developmental Center**
- **\$28 M moral obligation (prerelease)**
- **\$119 M enhanced by MBOI**

8

MAP of Financings/Assistance



How are rates established?

Public issuance

- Underwriter and MFFA pricing agent establish anticipated rates
- market accepts or re-price
- **SHOULD** result in lowest interest rates

Private Placements

- Purchaser, borrower, MFFA (negotiation)
- Good for smaller issues, smaller borrowers

How are rates established?

Permanent Coal Trust Fund

- **Average of past 12 months return to portfolio plus 50 basis points**

MFFA Direct Loans

- **5-year Treasury Note**
- **3% minimum**

11

QUESTIONS

?????

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12

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**MONTANA FACILITY
FINANCE AUTHORITY,**
by putting into practice
cutting-edge financing
solutions, continues to
help Montana's vital
nonprofits provide
valuable services that

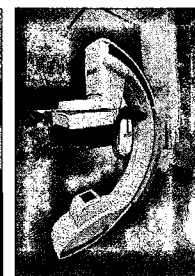
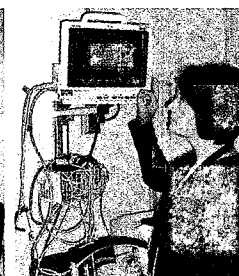
- Help **people**
- Improve **places** and
- Upgrade **things**.



December 2011

The AUTHORITY REVIEW — 2011 —

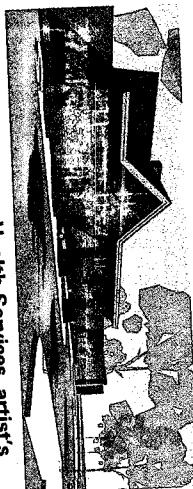
*Providing flexible financing options for nonprofit
healthcare and community service providers*



Over **\$2.2 billion**
in financing
throughout Montana
since 1983

Missions United
\$10 million in bonds were issued to refinance outstanding bonds.
Stand-Alone Bond: \$10 million – Private Placement of Notes
Interest Rate: 4.25% Term: 20 years, reset every 5 years
Benefit: Changing market conditions, which required debt restructuring, was cost effectively achieved through MFFA.

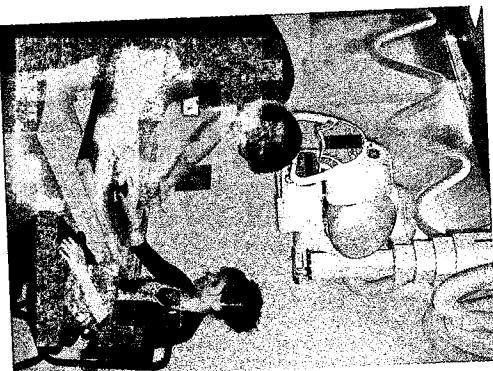
BOZEMAN, Gallatin County



Bozeman Deaconess Health Services
Bozeman Deaconess Health Services, artist's rendering, new construction
\$20.7 million in bonds to construct, expand and equip a new Emergency Department.
Stand Alone Bond: \$20.7 Million
Interest Rate: 4.09% Term: 20 years

Benefit: Access to low-cost money assured expansion to accommodate current and future demand for services.

CHOTEAU, Teton County

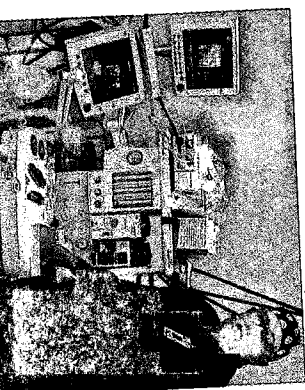


Teton Medical Center
\$62,000 loan to replace x-ray equipment.
Direct Loan Program: \$62,000
Interest Rate: 3.00%
Term: 4 years
Pricing: November 24, 2010
Benefit: Provide dependable diagnostic services to better serve patients and clients.

Teton Medical Center, new x-ray equipment

CONRAD, Pondera County

Pondera Medical Center
\$42,500 loan for new anesthesia system equipment.
Direct Loan Program: \$42,500
Interest Rate: 3.00%
Term: 5 years
Pricing: May 9, 2011



Benefits Health System, artist's rendering, new construction

GREAT FALLS, Cascade County

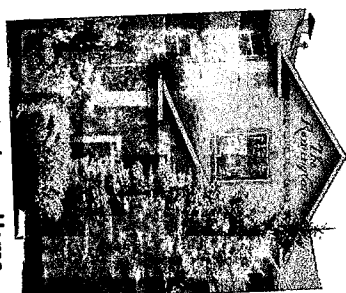
Benefits Health System
\$59,690,000 in bonds issued to construct a new medical office building and finance phase 1 of assisted living and skilled nursing center renovations.

Stand-Alone Bonds:
• Series 2011 \$42,085,000 Term: 20 years
Interest Rate: 5.77% Pricing: April 11, 1011

Private Placement Bond: \$17,605,000

Benefit: Favorable interest rates made it possible to enhance facilities and health care capabilities.

HAMILTON, Ravalli County



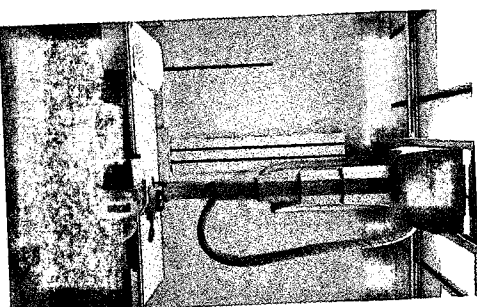
Sapphire Lutheran Home
\$4,950,000 in bonds to purchase and remodel assisted living facility and refinance existing loan.
Stand Alone Private Placement Bonds: \$4,950,000
Interest Rate: 4.29%
Term: 30 years, reset every 5 years
Benefit: Access to low-cost capital assured upgraded services to gain overhead efficiencies and serve more clients.

Sapphire Lutheran Home, purchase and remodel

HARLOWTON, Wheatland County

Wheatland Memorial Healthcare
\$81,565 loan was made to replace x-ray equipment.
Direct Loan Program: \$81,565
Interest Rate: 3.00%
Term: 5 years
Pricing: September 9, 2011

Benefit: Provide dependable diagnostic services to better serve patients and clients.



Wheatland Memorial

The AUTHORITY REVIEW 2011

ID
en-member board, appointed by the Governor of
ana, directs the Montana Facility Finance Authority.
board is broadly representative of the state and
to balance professional expertise and public
intibility. Members review and approve complex
wings and help ensure that the Authority continues
for a mixture of programs that are relevant to
ana's changing needs.



BOARD: (back row, l-R) Matt Thiel, attorney; Joe Quilici,
d business owner and former state representative 1971-
Larry Putnam, hospital administrator; Jon Marchi, chairman,
re capital/ranching. (Front row, l-R) Kim Rickard, business
ger, laborer's union; James (Bill) Kearns, bank chairman;
Richard King, president/CEO of an area economic
opment corporation.

HORITY STAFF

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MFPA Continued to Strengthen Local Health Care Needs in 2011

Dear fellow Montanans:

At the end of another challenging economic year that
tested all Americans, we are pleased to report that in
2011, the Montana Facility Financing Authority's proven
capabilities to weather the ever-changing bond market
enabled Montana's health care facilities, large and small,
to prepare to meet constantly rising health care demands
throughout the state.

We issued a total of \$244 million in tax-exempt bonds
and nearly \$1 million in other key loans at favorable
rates to benefit some 13 health facility projects
throughout the state. Proceeds are helping fund vital
new construction, improve and modernize existing
facilities, and replace outmoded equipment.

Among the trends observed during the year were:

- Market conditions for A-rated or better health care
bonds improved, furthering access to capital for
some Montana health care institutions.
- Going forward the nonprofit health care industry—
which represents 80 percent of all U.S. hospitals and
virtually all Montana facilities—is expected to remain
under pressure due to the uncertainty of health care
reform, the potential for reduced reimbursement
rates, and increases in uncompensated care.

• Health care in Montana continues to be a critical
sector as a result of a mounting senior population.
Going forward we pledge that we will remain in the
forefront of responsible financing by offering quality
service and by continuing to build on our reputation
for excellence and integrity.

We thank our dedicated Board members, our staff,
borrowers, financial institutions and associates for
helping assure that we constantly seek innovative
and successful practical financing solutions that
serve our citizens.

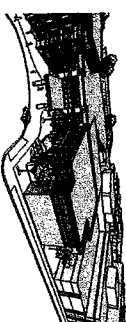
Thank you for your support and best wishes for the
year ahead.

Tom Marchi.
Michelle Barstad.

2011 MFPA Financing Recipients

ANACONDA, Deer Lodge County
Community Hospital of Anaconda
Montana Capital Assistance Program
\$15,000 grant for Facility Master Plan

BILLINGS, Yellowstone County



Billings Clinic
\$140 million in bonds to
refinance outstanding debt
with \$33 million used for
construction of intensive care unit, cardiology center and
expansion of operating room.
**Billings Clinic, artist's rendering
new construction**

Stand-Alone Bonds - Private Placements:
• 2011A \$75 million Term: 30 years
Interest Rate: Variable

• 2011 B \$65 million Term: 30 years
Interest Rate: Variable
*Benefit: Restructuring existing debt to achieve longer, level debt
service and provide state of the art and expanded services.*



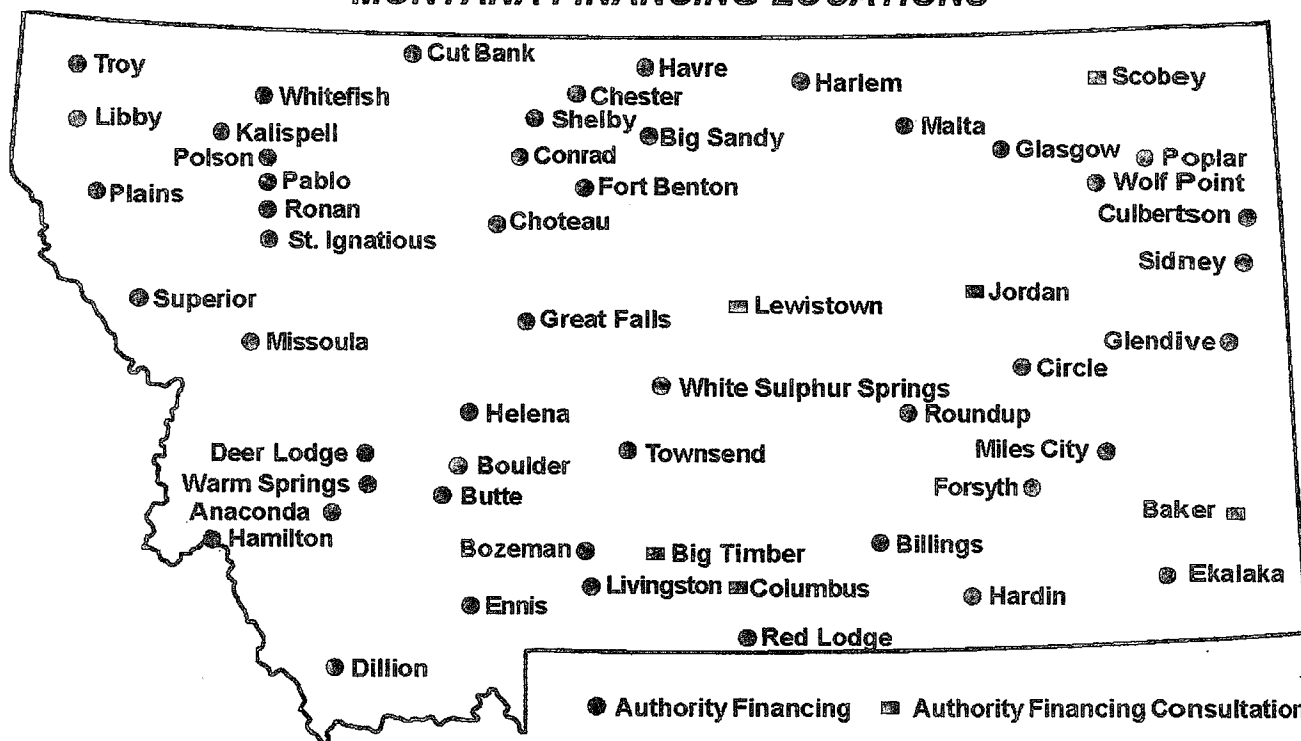
**Job Connection,
Inc., clients**

Job Connection, Inc.
\$420,000 loan to purchase a 5-unit building for agency office
and client training space
Trust Fund Loan Program: \$ 420,000
Interest Rate: 5.24% Term: 20 years
Pricing: March 14, 2011
*Benefit: Annually significantly reduce lease payments as well
as provide flexibility to expand operations as business condition
demand.*

St. John's Lutheran Ministries
\$4.5 million in bonds to refinance existing higher interest rate loans
as well as to remodel and expand existing space into transitional
care units.
Stand-Alone Bond
\$4.5 million
Interest Rate: 4.25%
Term: 20 years, reset
every 5 years
*Benefit: Expand
available services,
improve revenue
stream and reduce*



MONTANA FINANCING LOCATIONS



FACILITY TYPE LOGO LEGEND

A Assisted Living/Retirement Facility
D Chemical Dependency Center
R Residential Home or Activity Center

C Clinic
N Nursing Home

H Hospital
P Pre-release Center

ANACONDA

| | | |
|--------------------------------|---|-----------|
| AWARE | R | 667,527 |
| Community Hospital of Anaconda | H | 1,442,419 |

BILLINGS

| | | |
|--|-----|-------------|
| Alternatives | P | 10,845,000 |
| Billings Clinic | H C | 374426302 |
| Job Connections | R | 420,000 |
| Missions United (Mission Ridge) | A | 45,419,000 |
| Northern Rockies Reg. Cancer Treat. Ctr. | H C | 3,900,000 |
| REM Montana | R | 279,732 |
| Residential Support Services | R | 1,437,782 |
| Rimrock Foundation | D | 5,998,009 |
| Special Training for Exceptional People | R | 63,047 |
| Special Transportation | R | 51,000 |
| St. John's Lutheran Home | N | 38,445,000 |
| St. Vincent's Health Center | H | 285,440,536 |

BIG SANDY

| | | |
|--------------------------|---|---------|
| Big Sandy Medical Center | H | 162,427 |
|--------------------------|---|---------|

BIG TIMBER

| | | |
|------------------------|---|--------|
| Pioneer Medical Center | H | 14,795 |
|------------------------|---|--------|

BOULDER

| | | |
|--------------------------------------|---|------------|
| Montana Developmental Center | R | 13,100,000 |
| Boyd Andrew Community Services, Inc. | D | 5,085,000 |

BOZEMAN

| | | |
|------------------------------|---|-------------|
| Bozeman Deaconess Foundation | H | 120,110,000 |
| Hillcrest Senior Living | A | 17,170,000 |
| REACH | R | 1,311,306 |

BUTTE

| | | |
|-----------------------------------|---|-------------|
| AWARE, Inc. | R | 746,367 |
| Butte Sheltered Workshop, Inc. | R | 1,556,469 |
| St. James Community Hospital | H | 132,489,464 |
| SW Montana Mental Health Services | R | 175,254 |

CHESTER

| | | |
|-------------------------|---|---------|
| Liberty County Hospital | H | 623,347 |
|-------------------------|---|---------|

CHOTEAU

| | | |
|----------------------|---|--------|
| Teton Medical Center | H | 63,840 |
|----------------------|---|--------|

CIRCLE

| | | |
|-----------------------------|---|-------|
| McCone County Health Center | H | 6,615 |
|-----------------------------|---|-------|

COLUMBUS

| | | |
|------------------------------------|---|--------|
| Stillwater Community Health Center | H | 15,000 |
|------------------------------------|---|--------|

CONRAD

| | | |
|------------------------|---|--------|
| Pondera Medical Center | H | 42,500 |
|------------------------|---|--------|

CULBERTSON

| | | |
|-----------------------------------|---|--------|
| Roosevelt Memorial Medical Center | H | 14,760 |
|-----------------------------------|---|--------|

CUT BANK

| | | |
|----------------------------------|---|---------|
| Northern Rockies Medical Center | H | 178,020 |
| Glacier Community Medical Center | C | 547,000 |

DEER LODGE

| | | |
|--------------------------|---|------------|
| Powell Memorial Hospital | H | 17,955,333 |
|--------------------------|---|------------|

DILLON

| | | |
|-----------------------------------|---|------------|
| Barrett Memorial Hospital | H | 36,595,000 |
| BSW, Inc. | R | 71,000 |
| SW Montana Mental Health Services | R | 159,049 |

EKALAKA

| | | |
|------------------------|---|--------|
| Dahl Memorial Hospital | H | 20,608 |
|------------------------|---|--------|

ENNIS

| | | |
|-------------------------|---|-------|
| Madison Valley Hospital | H | 5,000 |
|-------------------------|---|-------|

FORSYTH

| | | |
|----------------------------|---|-------|
| Rosebud Health Care Center | H | 4,338 |
|----------------------------|---|-------|

FORT BENTON

| | | |
|-------------------------------|---|--------|
| Missouri River Medical Center | H | 56,331 |
|-------------------------------|---|--------|

GLASGOW

| | | |
|----------------------------------|---|-----------|
| Francis Mahon Deaconess Hospital | H | 1,850,000 |
|----------------------------------|---|-----------|

GLENDIVE

| | | |
|---|---|------------|
| DEAP (Developmental Education Assist Program) | R | 68,519 |
| Glendive Medical Center | H | 37,870,000 |

GREAT FALLS

| | | |
|--|-----|-------------|
| Benefis Health Care | H | 225,285,000 |
| Columbus (Benefis - West) | H | 16,997,172 |
| Gateway Community Services | D R | 606,630 |
| Golden Triangle Comm. Mental Health Ctr. | R | 292,300 |
| Great Falls Prerelease Center | P | 5,800,000 |
| MDMC (Benefis - East) | H | 22,743,950 |
| Quality Life Concepts (Region 2) | R | 277,525 |

HAMILTON

| | | |
|--------------------------------------|---|------------|
| Marcus Daly Memorial Hospital | H | 13,986,700 |
| Ravalli Services Corp. | R | 259,376 |
| Sapphire Lutheran Home | A | 4,950,000 |
| Western Montana Mental Health Center | | 1,200,000 |

HARDIN

| | | |
|-------------------------------|---|-----------|
| Big Horn Hospital Association | H | 1,439,016 |
|-------------------------------|---|-----------|

HARLEM

| | | |
|------------------------|---|---------|
| New Horizons Unlimited | R | 154,512 |
|------------------------|---|---------|

HARLOWTON

| | | |
|-------------------------------|---|--------|
| Wheatland Memorial Healthcare | H | 96,565 |
|-------------------------------|---|--------|

HAVRE

| | | |
|---|-----|------------|
| Havre Day Activity Center | R | 448,562 |
| Northern Montana Hospital / Health Care | HNC | 30,112,189 |

HELENA

| | | |
|---|-----|------------|
| Regional IV Family Outreach | R | 492,782 |
| Boyd Andrew (Prerelease Center, Helena) | P | 5,395,000 |
| Lewis and Clark Co. (Cooney & Clinic) | C N | 2,590,000 |
| St. Peter's Community Hospital | H | 91,699,276 |
| Shodair Hospital | H | 9,970,000 |
| SW Montana Mental Health Services | R | 114,709 |
| Spring Meadow Resources | R | 1,506,811 |
| West-Mont | R | 1,617,679 |

KALISPELL

| | | |
|---|---|-------------|
| Kalispell Regional Medical Center (NW Healthcare) | H | 131,435,233 |
|---|---|-------------|

LEWISTOWN

| | | |
|--|---|-----------|
| Central Montana Medical Center | H | 162,300 |
| Community Counseling & Correctional Services | D | 9,250,000 |

LIBBY

| | | |
|------------------------------|-----|-----------|
| St. John's Lutheran Hospital | H A | 3,410,000 |
|------------------------------|-----|-----------|

LIVINGSTON

| | | |
|-----------------------------------|---|---------|
| Counterpoint, Inc. | R | 263,094 |
| Livingston Community Hospital | H | 558,721 |
| SW Montana Mental Health Services | R | 119,586 |

MALTA

| | | |
|--------------------------------------|---|---------|
| Phillips County Hospital Association | H | 113,656 |
|--------------------------------------|---|---------|

MILES CITY

| | | |
|--|-------|------------|
| Eastern Montana Comm. Mental Health Ctr. | R | 891,528 |
| EMI (Eastern Montana Industries) | R | 249,761 |
| Holy Rosary Health Center | H N C | 79,936,491 |

MISSOULA

| | | |
|---|---|------------|
| Big Bear Resources | R | 569,454 |
| Community Medical Center | H | 81,374,186 |
| Missoula Community Health | H | 77,026 |
| Missoula Correctional Services (Prerelease) | P | 5,611,000 |
| Missoula Developmental Services Corp. | R | 2,557,671 |
| Opportunity Industries | R | 779,291 |
| Opportunity Resources | R | 2,022,295 |

PABLO

| | | |
|------------------------------|---|--------|
| Mission Mountain Enterprises | R | 71,834 |
|------------------------------|---|--------|

PHILIPSBURG

| | | |
|-------------------------------|---|--------|
| Granite County Medical Center | H | 12,000 |
|-------------------------------|---|--------|

PLAINS

| | | |
|------------------------------------|---|---------|
| Clark Fork Valley Hospital | H | 5,000 |
| Little Bitterroot Special Services | R | 129,514 |

POLSON

| | | |
|--|-----|------------|
| Mission Mountain Enterprises | R | 259,751 |
| St. Joseph Hospital | H | 26,128,857 |
| St. Luke Comm. Hospital and Nursing Home | H N | 533,600 |

POPLAR

| | | |
|-----------------------------------|---|-----------|
| Northeast Montana Health Services | H | 4,566,979 |
|-----------------------------------|---|-----------|

RED LODGE

| | | |
|--|---|---------|
| Regional Services (Beartooth Industries) | R | 260,000 |
| Beartooth Hospital | H | 125,780 |

RONAN

| | | |
|--|-----|------------|
| St. Luke Comm. Hospital and Nursing Home | H N | 31,390,006 |
|--|-----|------------|

ST. IGNATIUS

| | | |
|--|-----|---------|
| St. Luke Comm. Hospital and Nursing Home | H N | 225,000 |
|--|-----|---------|

SHELBY

| | | |
|---|---|-----------|
| Marias Medical Center (Toole Co. Hospital) | H | 5,860,770 |
| Quality Life Concepts (formerly Northern Gateway) | R | 173,447 |

SHERIDAN

| | | |
|----------------------|---|--------|
| Ruby Valley Hospital | H | 14,903 |
|----------------------|---|--------|

SIDNEY

| | | |
|-----------------------------|----|------------|
| Sidney Health Center | HA | 11,500,000 |
| Community Memorial Hospital | H | 1,145,000 |
| Richland Opportunities | R | 200,000 |

SUPERIOR

| | | |
|----------------------------|---|--------|
| Mineral Community Hospital | H | 67,778 |
|----------------------------|---|--------|

TERRY

| | | |
|---------------------------------|--|---------|
| Prairie Community Health Center | | 100,028 |
|---------------------------------|--|---------|

TOWNSEND

| | | |
|--------------------------|---|---------|
| Broadwater Health Center | H | 144,921 |
|--------------------------|---|---------|

TROY

| | | |
|------------------------------|---|--------|
| St. John's Lutheran Hospital | H | 50,000 |
|------------------------------|---|--------|

WARM SPRINGS

| | | |
|------------------------|---|------------|
| Montana State Hospital | H | 25,915,000 |
|------------------------|---|------------|

WHITE SULPHUR SPRINGS

| | | |
|-----------------------------|---|---------|
| Mountainview Medical Center | H | 908,361 |
|-----------------------------|---|---------|

WHITEFISH

| | | |
|-----------------------|---|-----------|
| North Valley Hospital | H | 4,995,000 |
|-----------------------|---|-----------|

WOLF POINT

| | | |
|-----------------------------------|---|-----------|
| Faith Lutheran Retirement Home | A | 65,000 |
| Northeast Montana Health Services | R | 8,741,330 |